



Performance Audit

Families First Program Audit

Durham County Internal Audit Department

October 2009

EXECUTIVE SUMMARY

October 2009



**Durham County
Internal Audit Department
(919) 560-0042**

Why We Did This Audit

The Board of County Commissioners requested this audit after receiving seemingly conflicting information regarding the reasons for discontinuing a contract between the Department of Social Services and a local provider of services to needy families. The contract was discontinued in June 2009 after approximately eleven years.

What Is Recommended

The recommendations identify improvements to management controls over contracting processes and to facilitate resolution of performance issues.

We recommend that the Department of Social Services:

- Define goals in referral documents. Goals identified in the referral document will establish an expected outcome for program participation for the client. The expected outcome can be measured against actual results to determine program success.
- State expected outcomes in contracts. Statements of work should clearly identify what tasks to perform and the expected outcomes. Outcomes are the criteria for contract performance and the initial step in performance monitoring.
- State how performance will be evaluated and develop a monitoring system. Monitoring systems provide a documented and systematic approach to resolving performance issues.
- Clearly communicate requirements in contracts. For requirements such as information, include the type of information, format, and other specifics. This establishes the criteria for performance evaluation and conflict resolution.
- Submit contracts to the County Attorney's Office for review before signature.

For more information regarding this report, please contact Richard Edwards at 919.560.0042 or rcedwards@durhamcountync.gov.

Performance Audit:

DSS Management of the Families First Program

What we found

Statements of work and other tools to manage the Families First Program were not adequately structured to allow for effective management. The contracts were not in accordance with best practices for contract management and performance monitoring efforts were not effective in resolving performance issues.

Specifically, I found

- Referral documents did not address expected outcomes,
- Contracts were unclear regarding ultimate program outcomes,
- The contractor was given the responsibility for determining client goals,
- Performance expectations were not clearly communicated to the contractor, and
- Monitoring efforts were not adequately documented.

Departmental Response

Over the next eight months the department will take the following actions to implement the recommendations:

- Review state best practices for contract development, procurement and monitoring;
- Convene a work group made up of internal staff, state and local experts in contracting to review procedures and recommend steps for restructuring;
- Survey current vendors soliciting feedback on things we do well, areas where we are challenged, and seek ideas for improvement.
- Shift to a performance based model of contracting utilizing models developed by other county departments; and
- Develop and implement uniform contract monitoring tools for all DSS contracts.



COUNTY OF DURHAM

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October 26, 2009

Michael M. Ruffin, County Manager:

The DSS Families First Program contract performance audit was conducted to provide the Durham Board of County Commissioners (BOCC) information about the circumstances surrounding discontinuation of the contract. In June 2009, after approximately 11 years, DSS discontinued its service contract with the Durham Congregations in Action, the agency that provided program services.

During the July 20, 2007 regular meeting the Department of Social Services (DSS) provided the BOCC seemingly conflicting information about the reason for the contract discontinuation. DSS initially cited budget concerns as the reason for discontinuing the contract but subsequently cited contract performance after more in-depth discussions.

The report addresses DSS considerations in 2009 that lead up to the discontinuation decision. The report also addresses broader issues of contracting best practices. The recommendations include better written statements of work and development and use of systematic performance monitoring processes and procedures.

DSS expressed willingness to implement the report recommendations. The department intends to review their processes and begin implementing new processes over the next eight months.

I appreciate the courtesy and cooperation provided by DSS staff in completing this audit.

Richard Edwards
Audit Director

Families First Program Audit

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Introduction

During its July 20, 2009 regular meeting, the Durham Board of County Commissioners (BOCC) received information from the Department of Social Services (DSS) regarding the Department's decision to discontinue a long-standing contract with Durham Congregations in Action, (DCIA). For approximately 11 years, from November 1998 through June 2009, DSS and DCIA collaborated through a contractual agreement to operate the Families First Program. The program provided assistance to needy families transferring from welfare to work in a faith-based environment. To gain an understanding of the circumstances surrounding DSS' decision, the BOCC directed the Internal Auditor to conduct a performance audit of the Families First Program.

A performance audit is an engagement that provides assurance or conclusions based on an evaluation of sufficient, appropriate evidence against stated criteria, such as specific requirements, measures, or defined business practices. Performance audits provide objective analysis so that management and those charged with governance and oversight can use the information to improve program performance and operations, reduce costs, facilitate decision making by parties with responsibility to oversee or initiate corrective action, and contribute to public accountability.¹

This audit of DSS' Families First Program was conducted pursuant to the September 12, 2005 Audit Department Charter which establishes the Audit Oversight Committee and the Audit Department and outlines the internal auditor's primary duties.

Background

DSS administers Work First, a Temporary Assistance for Needy Families (TANF) program for assisting low-income families as they transition from welfare to work. TANF allows counties wide discretion in designing programs to assist needy families. DSS developed Families First, a faith-based program, with the objective to provide extra assistance, encouragement, and motivation some families needed to make the transition into self-sufficiency. Assistance also included provision of tangible items such as food, clothing, and shelter.

Below are some specific items the Families First Program was designed to assist families with:

- Job search efforts,
- Work ethics counseling, including appropriate work attire, timeliness, and other workplace etiquette issues,
- Development of planning skills,
- Family budgeting,
- Family relationship building, and
- Assessing community resources.

¹ Comptroller General of the United States, *Government Auditing Standards*, Washington D.C: U.S. Governmental Accountability Office, 2007, p.17

DSS entered into a contractual relationship with DCIA, a faith based service provider, to recruit, organize, and train church congregations to provide the types of assistance mentioned above. The initial Families First contract was awarded to DCIA in November 1998 and ran for about three months followed by another four-month contract awarded in February, 1999. Subsequent contracts were awarded on a fiscal year basis through June 2009. Beginning with the 1998 contract, DCIA contracted with Reverend Pebbles Lindsay-Lucas to be the Faith Coordinator.

The program was operational approximately 11 years. During that period, 85 DSS client families were reported by DCIA to have participated in the program. DSS reimbursed DCIA more than \$600K², primarily for the salary of Reverend Pebbles Lindsay-Lucas. The Faith Coordinator conducted most of the program tasks for DCIA. According to records provided by DSS, approximately 40 congregations partnered with DSS Work First clients, although according to documents provided by the Faith Coordinator, approximately 77 entities including congregations, individuals, and volunteers assisted in the program. The program was funded by DSS' TANF Work First County Block Grant.

In June 2009, DSS exercised its fiduciary and administrative responsibilities by discontinuing the service contract agreement with DCIA. According to the State's Chief of Economic and Family Services, each local government entity should continually review its Work First programs to determine if it is spending resources wisely and obtaining the desired results. DSS decided to discontinue the contract because of its dissatisfactions with program results and information.

DSS' decision to discontinue the contract was raised at the July 20, 2009 regular BOCC meeting. In preparation for the meeting, DSS provided the BOCC information stating that it was discontinuing the contract because of budget concerns. Upon questioning by the BOCC, it became apparent that DSS program and fiscal managers did not agree that a budget concern was the reason for discontinuing the contract. Additional information regarding contractor performance was presented to the BOCC at that point.

Representatives from DSS and the program's Faith Coordinator were present and spoke during the discussion. A representative from DCIA, the prime contractor, did not speak on behalf of the contractor. It was not apparent during the discussion and statements that the County did not have a contractual relationship with the Faith Coordinator. The contractual relationship was between the County and DCIA and non-performance issues and their resolution would have involved those two parties.

During the course of the audit, DSS representatives said the Faith Coordinator did not fulfill all her duties. The Faith Coordinator said DSS representatives acted against her out of personal bias. The records showed that DSS wanted more program information and congregational involvement and increased contract reporting and congregational recruiting requirements in the fiscal year 2007 contract to achieve those results. The Faith Coordinator said the program worked well for years with good results until a personnel change was made in 2007 resulting in a person with hard feelings toward her being elevated to a position of program responsibility. She cited several awards and

² The reimbursement figure does not include fiscal year 2000 expenses. Contract data was unavailable for that year.

recognitions received over the years for her work with the program as evidence that the program was effective.

Based upon discussions and review of documents, the underlying issue was whether DSS' contract management processes were adequate to systematically communicate program requirements, monitor contractor performance, and resolve conflicts. Such processes are the foundation of relationships between the contractor and the entity awarding the contract. It is the responsibility of the contracting entity to have such systems in place in order to assure that public funds are spent appropriately. This report addresses those contracting issues.

Audit Objectives

The objectives of this audit were to answer the following questions:

1. Were DSS contracting processes adequate to communicate clearly what outcomes it expected from the program?
2. Was a system developed to monitor contract performance and resolve conflicts?
3. Were DSS monitoring efforts effective in assuring that contracted services were properly rendered?

Scope and Methodology

This performance audit was conducted in accordance with generally accepted government auditing standards. Those standards require I plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for the findings and conclusions based on the audit objectives. I believe the evidence obtained provides a reasonable basis for the findings and conclusions based upon the audit objectives. I conducted the requisite fieldwork from July 24, 2009 to October 9, 2009.

My analysis covered the full eleven-year term of the program that ran from November 1998 through June 2009. This audit report addresses operational processes and procedures. Audit methods included:

- Discussions with the DCIA Executive Director (the contractor),
- Discussions with the Reverend Lindsay-Lucas, the Faith Coordinator,
- Discussions with DSS representatives, including the Families First supervisor, Referral coordinator, and higher level representatives,
- Discussions with 20 program participants I was able to make contact with by phone,
- Discussion with State representatives of the TANF Work First Program,
- Discussions with Durham County's Attorney regarding contracting issues,
- Discussion with a former member of the Families First Advisory Board,
- Review of client records including referrals, progress reports, and various program documents provided by the DSS.
- Review of contract provisions, and
- Review of contracting best practices.

Findings and conclusions

DSS did not make optimum use of available tools to exercise management controls over the Families First Program. Contracts and program referral documents did not provide enough details to communicate objectives and requirements and performance monitoring were not systematically applied.

Management control of the program was inadequate in the following areas:

- Referral documents did not address expected outcomes,
- Contracts were unclear regarding ultimate program outcomes,
- The contractor was given the responsibility for determining client goals,
- Performance expectations were not clearly communicated to the contractor, and
- Monitoring efforts were not adequately documented.

By not using these tools, DSS ceded much of the management controls, as it relates to program outcomes, to the service provider. Unclear contract provisions for expected outcomes and monitoring allowed for an environment in which uncertainty existed regarding the quality of services. DSS, mindful of its responsibility to obtain meaningful information to assess the program's value, included additional requirements for reporting in the 2007 and 2008 fiscal year contracts. The additional requirements specified times for certain program activities and reports. Although the contracts included more specifics, they did not clearly convey to the service provider expected program outcomes or the types of information and reporting formats that would be useful in assessing and understanding the program's value.

For similar contracting exercises, management controls should be adequate to effectively manage the program and reasonably assure that program results are compatible with expected outcomes. The following recommendations will provide better controls and accountability. Administrators should:

1. Define goals in referral documents.
2. Identify and communicate expected outcomes in contracts.
3. Clearly communicate the required information requirements and reporting format in contracts.
4. Clearly communicate how performance will be evaluated.
5. Develop a contract monitoring system that includes documentation procedures.
6. Submit contracts to the County Attorney's office for review before signature.

DSS currently does not have a contracting function with trained contract administrators. Best practices recommend that contract administrators obtain specialized contract administration training.

DSS acted within its scope of responsibility when it discontinued the Families First Program contract

DSS discontinued the contract effective June 30, 2009 because the program was not achieving the desired results. The program was designed for the Faith Coordinator to recruit and train congregations and match them with client families. The congregations would then directly provide services to Families First participants. Instead, the Faith

Coordinator was providing most of the client services. Additionally, required reports were not provided consistently and did not include the level of detail necessary to evaluate program results. Also, during the early months of calendar year 2009, the department was contemplating projected budget shortfalls and looking for ways to decrease spending. Work First Program managers reviewed its contracts to determine which ones they could cut back on and which ones they could discontinue. Operational effectiveness was factor in deciding which programs to scale back or discontinue. As a result of the analysis DSS;

- kept one contract at the current level,
- scaled back expenditures on one contract,
- increased expenditures for one contract,
- made an end of year increase in one contract that had been reduced earlier in the year, and
- discontinued two contracts including DCIA's Families First contract.

Because of the long-standing relationship between DSS and DCIA, when DSS informed the DCIA Executive Director of the decision, they discussed how they would publicly address it. DSS informed DCIA that it had concerns about contract performance but would attribute the reason to budget concerns only. They reasoned that the Faith Coordinator could be adversely affected if performance issues surfaced.

DSS followed through on its decision to report that the reason for discontinuing the contract was because of funding shortfalls, reporting this information to the BOCC. During questioning, the Assistant Director for Accountability and Program Support said there had not been an actual shortfall or reduction in TANF funding. The federal government, the source of the contract funding, did not reduce TANF funds coming into the county. Funds could be drawn down if the County met its "maintenance of effort" requirements, which is the cost of staff used by DSS to conduct Work First Program related business. Staff time is measured as matching dollars and counties must meet 100 percent of the maintenance of effort goal in order to draw down the grant funds. According to Assistant Director the maintenance of effort requirements were met each year, including the year the program was terminated, making funds available for the Families First program.

DCIA's Executive Director said he was not surprised when the Families First contract was discontinued. He said he had felt for several months that the contract would not be renewed based upon previous discussions with DSS. The discussions were primarily about reporting deficiencies and according to the Director, he and the Faith Coordinator began attempting to comply with reporting requirements. However, in spite of the efforts to comply, he said he did not believe the efforts were up to the level DSS required. The Director said he was aware of DSS reporting concerns. The Faith Coordinator acknowledged that reports were not always timely but when they were late she and DSS reached agreement on a date by which the reports would be submitted. I informed the Faith Coordinator that DSS had been dissatisfied with the frequency in which goals and covenant statements were provided. The Faith Coordinator said that when relationships were good, goals and covenant statements were not an issue.

DSS' is responsible for determining if its programs are effective. The State expects continuous evaluation of program effectiveness and the federal government, the source

of the Block Grant Funds, expects it as well. If contractor performance is an issue, DSS has the right to (1) discontinue the contract at the conclusion of the term, (2) seek to resolve performance issues, or (3) discontinue the contact for cause upon notifying the contractor.

Contracting best practices facilitate management control and performance monitoring

Best practices for contract management of work requirements and performance needed improvement in Families First contracts. The statements of work could have been clearer and the performance monitoring process would have benefitted from more structure. Another tool, the referral process, provided an opportunity to increase management control of performance but it was not used to obtain the optimum benefit. The contract and program referral documents provided an opportunity for DSS to communicate client and program expectations, contractor performance evaluation methods, and reporting specifics. For individual clients, DSS did not use the referral document to communicate to the service provider what it expected as measurable outcomes as a result of program participation. At the program level, expectations for outcomes, contractor evaluation, and reporting information and formats were not appropriately included in the contracts.

Best practices for contracting encourage clearly stated outcome expectations.

Best practices for contract administration developed by the Office of Federal Procurement policy states that "contract administration starts with developing clear, concise performance based statements of work to the extent possible, and preparing a contract administration plan that cost effectively measures the contractor's performance and provides documentation to pay accordingly."³

Families First contracts did not specify expected measurable outcomes. The contracts addressed processes to be followed by the Faith Coordinator but did not address the outcomes to be achieved via the processes. For example, the contracts addressed congregational recruiting and training, and what reports it wanted. However, other than congregational recruiting and matching, the contract did not provide information regarding expected outcomes.

Even though the contract addressed recruiting and matching expectations, it was never clear in the contracts that a successful program would have been congregations performing the bulk of client services instead of the Faith Coordinator. DSS' intention of having this occur was not achieved throughout the program's existence but it was not addressed in a systematic way such that program effectiveness and contractor performance could be evaluated using this expected program outcome.

Lack of clear program expectations allow a situation in which disagreements regarding outcomes can arise. According to the Faith Coordinator, program objectives and outcomes were met. She said she was never told anything to the contrary over the

³ A Guide to Best Practices for Contract Administration, Office of Management and Budget, Office of Federal Procurement Policy (OFPP), October 1994

years and assumed that what she was doing was what DSS wanted. She said she believed the ultimate program objective was for the family to get the support elements they needed and not necessarily to get and maintain employment. For example, the need to provide clothing, friendship, religious worship, and fellowship was as important as getting and maintaining a job. DSS believed the support elements were important as well but that support elements were only a step in the process in achieving the ultimate objective of obtaining and maintaining employment.

Clearer written expectations in the contract statement of work would have mitigated or eliminated the gap in understanding. It also would have established criteria for contractor performance evaluation.

Referral documents did not address expected client outcomes. Family's First program participation began with the referral process; however the referral document did not address expected outcomes for the family. DSS assessed Work First participants on needs and strengths, looking at what type of support system the family had, their generic goals such as the desire for employment, their capacity for achieving and maintaining employment, and their mental and physical challenges. The referral document also provided information regarding barriers to employment including education, transportation, and child service needs. Additionally, the document provided information regarding services DSS was currently providing the family. DSS depended upon the Faith Coordinator, in cooperation with the client, to determine and document the specific family goals. Documents provided by DSS did not indicate if DSS intended to review the goals and approve or disapprove them.

DSS' management controls would have been enhanced if it had developed goals and included them as expectations for client achievement. The outcome expectations would provided a tool for program monitoring, a best practice in program and contract management.

As a result of not including goals and expectations in the referral document, DSS lost an opportunity for control over outputs resulting from program participation. Ultimately, DSS became dissatisfied with both the pace of which it received goals statements and what it considered non-specific language in the expectations. Non-receipt of goal statements was included as a reason for dissatisfaction with the Faith Coordinator's performance.

Reporting requirements could have been more specific in contracts. Contracts did not inform the service provider of the type of information it wanted in reports or the report format. Contracts asked for status reports at specified times, either monthly, quarterly, or annually, but they did not specify the types of information required. For example, a DSS representative said they expected more specifics about client discussions or activities in status reports but the reports were more generic than expected.

Language in the 2007 contract became more specific regarding timeliness of "goals statement" reports. Contract language required the Faith Coordinator to issue the goal statement no more than one day after the family entered the program. This was a step in the right direction to gain management control over reporting requirements; however,

this area of improvement did not solve the reporting problem. DSS representatives said they still were not satisfied with the specificity in the goals statements and status reports.

Reporting requirements could have been clarified in the contracting process. The contract provided the opportunity to inform the contractor of what specific information was required as well as the report format. Specifics in the contract would have been the basis of performance evaluation.

Contract performance monitoring procedures were needed. Performance monitoring was conducted informally and lacked documentation. Both DSS and the service provider acknowledge that they held discussions regarding the program but systematic organized records do not exist to document the nature of the discussions or the agreements reached. According to DSS representatives some personal notes were kept but they were not systematically included in contract files.

Best practices for contract administration include development of a formal process to evaluate contractor performance. Such a process would include a process to communicate areas needing improvement, actions steps to correct deficiencies, appropriate documentation procedures, and follow-up.

A well-written statement of work and performance monitoring process would have eliminated the disagreement over the facts surrounding performance in this area. At the least, it would have provided documentation from both sides regarding the efforts to obtain quality contractor services. For future contracts, DSS should write contracts that are clear regarding outcomes, products, and develop a plan to monitor performance. Under best practices, performance monitoring should be conducted before the contractor is paid for the services.

Prime contractor's role was not clearly defined. DCIA was the prime contractor for services provided in the Families First Program. As such, DCIA should have been held responsible for providing services as stipulated in the contract as well as supervision of the Faith Coordinator. Contracts were written in such a manner that the Faith Coordinator, who in essence was a subcontractor, was the responsible party. Contracts list duties and goals of the Faith Coordinator and a separate section on responsibilities of the DCIA. It was not clear in contracts that DCIA, the prime contractor, was responsible for contract performance. As a result, much of the dissatisfaction regarding performance was misplaced.

DSS contracts could be improved by submitting them to the County Attorney's office or the purchasing department where more knowledgeable personnel can review or assist in their preparation. The County Attorney expressed willingness to review DSS contracts and provide assurance that they are sound.

Faith Coordinator attempted to comply with reporting requirements but DSS remained dissatisfied. DCIA and the Faith Coordinator attempted to comply with the reporting requirements that began in fiscal year 2007, although DSS did not provide guidance on the types of information and format it desired. DCIA reports included valuable data including goals, activities and results, similar information as provided in

reports prior to 2007. However, the new reports were structured differently. Past reports summarized activities over a reporting period and contained fewer client details while the latest reports were specific to each client participant. DCIA developed the revised reporting format to facilitate the increased focus on reporting as a result of the 2007 contract requirements.

DCIA and the Faith Coordinator's attempt to comply with fiscal year 2007 reporting requirements resulted in them providing a greater number of reports. DSS acknowledges that the volume of reporting increased. However, some reports were not received and the quality was not what was expected. DSS representatives said the report information did not provide sufficient details. The DCIA Executive Director acknowledged that there were shortcomings in reporting. Although they increased their reporting efforts, he said he did not believe they rose to the level DSS required.

The Faith Coordinator said the 2007 reporting requirements were burdensome, taking time away from recruiting and matching tasks. At one point the Faith Coordinator had a lapse in reporting because of personal reasons and feels that DSS criticism was unfair because DCIA knew the circumstances. A DSS representative said she was not aware of the issues surrounding the absence of reports because it was not reported to her by DCIA.

The above problem points out the need for clear statements of work and development of performance management procedures. Best practices for contract management recommend development of these tools to measure program effectiveness and to determine if services are adequate before reimbursing the contractor.

Some reporting expectations were not contractual. DSS representatives expressed dissatisfaction with reporting. Specifically, goals and covenant statements were not provided consistently. The enhanced reporting requirements begun in 2007 required that goals statements be submitted no later than one day after a match was made. DSS kept records showing that goals and covenant statements had not been provided consistently, considering them contractor "undeliverables". Upon review of the available contracts, I found that the requirement for goals statements were not included in contracts until fiscal year 2007. The requirement for covenant statements was never included as a deliverable in the contracts.

DSS explained that the requirement for the goals and covenants were long-time expectations of the program and was clearly understood by the service provider. Goal statements had been delivered as far back as 2002 and covenant statements as far back as 2006. However, according to the County's Attorney, these reports were not contractual requirements and could not be considered as such by DSS. This kind of misunderstanding is another example of the need for clear statements of work and contract monitoring procedures.

Program outcomes were positive for program participants but reporting may not have been structured to highlight the successes. Fourteen of the twenty Families First participants I spoke with thought the program made a difference to them. Two clients said they got jobs or entered training programs as a direct result of participation in the program. Others said they received benefits such as transportation,

clothing, funding, and housing assistance. The six remaining participants did not offer an opinion on the program because they either didn't remember details or stated that after getting into the program they left early because they didn't think the program would benefit them.

Positive program results were reported and provided to me by DSS and DCIA as well as through conversations with former program participants. Some of the results were included in DSS' monthly reports to the state that include data regarding clients that are employed and those that have maintained employment for one year. However, DSS said it was not sure that Families First intervention was a factor in the results.

CONCLUSIONS AND RECOMMENDATIONS

DSS acted within its authority to discontinue the Families First Program. Although its contracts and contract administration lacked recommended best practices, DSS was responsible for determining which programs would best provide the results to meet Work First expectations and acted accordingly. The factors DSS used to make the decision to discontinue the contract cost and performance or either of these alone, met the standard of prudence for making decisions to continue or discontinue a program.

Although, DSS acted within its authority to discontinue the contract, shortcomings with contracting processes should be corrected in future contracting efforts. To correct the deficiencies, I recommend several processes that will give the County more control over contract performance and facilitate resolution of performance related issues. The first recommendation may only apply to the Families First or similar program contracts while the others relate to all county contracts. I recommend that DSS:

1. Define goals in referral documents. Defined goals in the referral document will establish an expected outcome for program participation for the client. The expected outcome can be measured against actual results to determine program success.
2. Clearly identify and communicate expected outcomes in contracts. Statements of work should clearly identify what is to be done and what the expected outcomes are. Outcomes are the criteria for contract performance and is the initial step in contract performance monitoring.
3. Clearly communicate how performance will be evaluated and develop the monitoring system. Monitoring systems provide a documented and systematic approach to resolving performance issues.
4. Clarify in the contract all requirements such as those for information. Include the type of information, format, and other specifics as required. This establishes the criteria for performance evaluation and conflict resolution.
5. Submit contracts to the County Attorney's office for review before signature.

APPENDIX 1

AUDIT RESPONSE-DEPARTMENT OF SOCIAL SERVICES



COUNTY OF DURHAM
DEPARTMENT OF SOCIAL SERVICES



DSS Board

Mrs. Gladys Dunston, Chair
Mr. Newman Aguiar, Vice Chair
Commissioner Joe W. Bowser
Mr. Stan Holt
Mrs. Gloria S. Green

DSS Director

Ms. Gerri Robinson, MSW

October 23, 2009

MEMORANDUM

To: Richard Edwards, Director
County Internal Audit

From: Gerri Robinson, DSS Director

Subject: Families First Contract Audit

Overall, recommendations made within the draft report are valid and in keeping with best practices as they pertain to contract development, administration and monitoring. Additionally, the audit results confirms the agency 's decision not to renew the contract.

The Department accepts these solid recommendations and will develop them over the next eight months. Some initial steps follow:

- Review state best practices for contract development, procurement and monitoring;
- Convene a work group made up of internal staff, state and local experts in contracting. The charge to the group will be to review Durham County Department of Social Services contracting procedures and recommend steps for restructuring;
- Survey current vendors soliciting feedback on things we do well and areas where we are challenged; ideas for enhancing the system will also be solicited.
- Shift to a performance based model of contracting developed by other county departments;
- Develop and implement uniform contract monitoring tools for all DSS contracts.

The actions the agency will review in our contract processes will include but not be limited to steps cited above. Changes made will reflect best practices; include current and prospective vendors with incremental implementation with a goal of full implementation by July 2010.

Your continued support, feedback and consultation are appreciated as we work to improve our processes for contracting for services.

A handwritten signature in cursive script that reads "Gerri Robinson".

cc: Mike Ruffin, County Manager
Carolyn Titus, Deputy County Manager